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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-967]

Aluminum Extrusions from the People's Republic of China: Preliminary Results of Changed Circumstances Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY:

On December 27, 2011, the Department of Commerce (“the Department”) published in the *Federal Register* a notice of initiation of a changed circumstances review (“CCR”) of the antidumping duty order on aluminum extrusions from the People's Republic of China (“PRC”) in order to determine whether Guangdong Zhongya Aluminum Company Limited (“Guangdong Zhongya”) is the successor-in-interest to Zhaoqing New Zhongya Aluminum Co., Ltd. (“New Zhongya”). We have preliminarily determined that Guangdong Zhongya is the successor-in-interest to New Zhongya for the purpose of determining antidumping duty liability. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: [Insert date of publication in the *Federal Register*.]

FOR FURTHER INFORMATION CONTACT: Eve Wang, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: 202-482-6231.

SUPPLEMENTARY INFORMATION:

Background

New Zhongya, a producer of aluminum extrusions, participated in the antidumping duty investigation of aluminum extrusions from the PRC. The Department issued its final determination for this investigation on April 4, 2011.¹ As a result of that final determination, New Zhongya's weighted-average dumping margin is 33.28 percent.² The antidumping duty order was issued on May 26, 2011.³

On November 7, 2011, New Zhongya requested a changed circumstances review claiming that it had undergone a name change to Guangdong Zhongya Aluminum Company Limited.⁴ New Zhongya requested that the antidumping duty rate, which was assigned to New Zhongya and was in effect before the date of the name change (*i.e.*, August 16, 2011), continue under the new name. New Zhongya's request, stating that it underwent no changes other than the change in the name, was accompanied by supporting documents from Chinese government authorities,⁵ recognizing and approving the name change. Specifically, New Zhongya stated that no changes were made in personnel, management, ownership, facilities, customers, suppliers, *etc.*

In response to this request, on December 27, 2011, the Department initiated a CCR, and on January 27, 2012, the Department issued a questionnaire to New Zhongya. New Zhongya

¹ See *Aluminum Extrusions From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 18524 (April 4, 2011); see also *Aluminum Extrusions From the People's Republic of China: Notice of Correction to the Final Determination of Sales at Less Than Fair Value*, 76 FR 20627 (April 13, 2011).

² *Id.*

³ See *Aluminum Extrusions from the People's Republic of China: Antidumping Duty Order*, 76 FR 30650 (May 26, 2011).

⁴ See Letter from New Zhongya to the Department, "Extruded Aluminum from China" (request for Changed Circumstances Review), dated November 7, 2011.

⁵ These Chinese government authorities include the Bureau of Foreign Trade & Economic Cooperation of High and New Technology Industrial Development Zone of Zhaoqing and the Administration Bureau for Industry and Commerce of Zhaoqing City.

filed its questionnaire response on February 24, 2012. Its submission included organizational charts, employment contracts, board meeting minutes, monthly income statements and balance sheets, a product list, full lists of suppliers and home - and U.S.- market customers, and sample supplier and customer invoices, as well as narrative responses confirming a name change from New Zhongya to Guangdong Zhongya.

The petitioner in this proceeding, Aluminum Extrusions Fair Trade Committee, has not commented on New Zhongya's request.

Scope of the Order

The merchandise covered by the order is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series

without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion ("drawn aluminum") are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (*i.e.*, without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, *i.e.*, prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swedged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, *etc.*), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope. The scope includes the aluminum extrusion components that are attached (*e.g.*, by welding or fasteners) to form subassemblies, *i.e.*, partially assembled merchandise unless imported as part of the

finished goods kit' defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, door thresholds, carpet trim, or heat sinks (that do not meet the finished heat sink exclusionary language below). Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: Aluminum extrusions made from aluminum alloy with an Aluminum Association series designations commencing with the number 2 and containing in excess of 1.5 percent copper by weight; Aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a "finished goods kit." A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled "as is" into a finished

product. An imported product will not be considered a "finished goods kit" and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, *etc.* in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) Length of 37 mm or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Also excluded from the scope of this order are finished heat sinks. Finished heat sinks are fabricated heat sinks made from aluminum extrusions the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States ("HTS"): 7604.21.0000, 7604.29.1000, 7604.29.3010, 7604.29.3050, 7604.29.5030, 7604.29.5060, 7608.20.0030, 7608.20.0090, 9506.11.4080, 9506.51.4000, 9506.51.6000, 9506.59.4040, 9506.70.2090, 9506.99.0510, 9506

.99.0520, 9506.99.0530, 9506.99.1500, 9506.99.2000, 9506.99.2580, 9506.99.2800, 9506.99.6080, 9507.30.2000, 9507.30.4000, 9507.30.6000, 9507.90.6000, 8419.90.1000, 8302.10.3000, 8302.10.6030, 8302.10.6060, 8302.10.6090, 8302.30.3010, 8302.30.3060, 8302.41.3000, 8302.41.6015, 8302.41.6045, 8302.41.6050, 8302.41.6080, 8302.42.3010, 8302.42.3015, 8302.42.3065, 8302.49.6035, 8302.49.6045, 8302.49.6055, 8302.49.6085, 8302.60.9000, 8306.30.0000, 9403.90.8061, 9403.90.1040, 9403.90.1050, 9403.90.1085, 9403.90.2540, 9403.90.2580, 9403.90.4005, 9403.90.4010, 9403.90.4060, 9403.90.5005, 9403.90.5010, 9403.90.5080, 9403.90.6005, 9403.90.6010, 9403.90.6080, 9403.90.7005, 9403.90.7010, 9403.90.7080, 9403.90.8010, 9403.90.8015, 9403.90.8020, 9403.90.8041, 9403.90.8051, 9403.10.00, 9403.20.00, 8479.89.98, 8479.90.94, 8513.90.20, 8302.50.0000, 9506.91.0010, 9506.91.0020, 9506.91.0030, 7615.19.30, 7615.19.50, 7615.19.70, 7615.19.90, 7615.19.10, 7615.20.00, 7616.99.10, and 7616.99.50. The subject merchandise entered as parts of other aluminum products may be classifiable under the following additional Chapter 76 subheadings: 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99 as well as under other HTS chapters. In addition, fin evaporator coils may be classifiable under HTS numbers: 8418.99.80.50 and 8418.99.80.60. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

Preliminary Results of the Review

In this changed circumstances review, and in accordance with section 751(b) of the Tariff Act of 1930, as amended (the “Act”), the Department has conducted a successor-in-interest analysis. In making a successor-in-interest determination, the Department examines several factors, including, but not limited to, changes in the following: (1) management; (2) production

facilities; (3) supplier relationships; and (4) customer base.⁶ While no single factor or combination of factors will necessarily provide a dispositive indication of a successor-in-interest relationship, generally, the Department will consider the new company to be the successor to the previous company if the new company's resulting operation is not materially dissimilar to that of its predecessor.⁷ Thus, if the record evidence demonstrates that, with respect to the production and sale of the subject merchandise, the new company operates as the same business entity as the predecessor company, the Department may assign the new company the cash deposit rate of its predecessor.

In accordance with 19 CFR 351.221(c)(3)(i), the Department preliminarily determines that Guangdong Zhongya is the successor-in-interest to New Zhongya. The record evidence indicates that Guangdong Zhongya has retained New Zhongya's management and organizational structure, operations and production facilities, and significantly similar supplier and customer relationships.

All of New Zhongya's executive personnel remain in the same positions in Guangdong Zhongya's organization, and the organizational structure remains the same.⁸ Operationally, a comparison of New Zhongya's financial statements for the periods before the name change and those of Guangdong Zhongya for the periods after indicates that Guangdong Zhongya operates as the same business entity. For instance, balance sheets from before the name change and from after the name change show identical Year Beginning Balances for all line items.⁹ Furthermore, the paid-in-capital and capital reserve from the period prior to the name change in New

⁶ See, e.g., *Notice of Final Results of Changed Circumstances Antidumping Duty Administrative Review: Polychloroprene Rubber From Japan*, 67 FR 58 (January 2, 2002).

⁷ See, e.g., *Fresh and Chilled Atlantic Salmon From Norway; Final Results of Changed Circumstances Antidumping Duty Administrative Review*, 64 FR 9979, 9980 (March 1, 1999).

⁸ See Letter from New Zhongya to the Department, "Extruded Aluminum from China" (response to the Department's questionnaire), dated February 27, 2012.

⁹ See *id.*

Zhongya's balance sheet are the same as those during the same period in Guangdong Zhongya's balance sheet. Similarly, Guangdong Zhongya's closing retained earnings balance for August equals New Zhongya's July (prior-month) closing retained earnings balance plus the monthly profit from Guangdong Zhongya's income statement for August, as would be expected if they were the same company.

The evidence on the record also shows that New Zhongya retained a significant majority of its suppliers after it became Guangdong Zhongya.¹⁰ Moreover, Guangdong Zhongya's home-market customer base remains largely the same as New Zhongya's, and its U.S. customer base is identical to New Zhongya's U.S. customer base.¹¹

Therefore, the Department preliminarily finds that the record evidence supports Guangdong Zhongya's claim that it is the successor-in-interest to New Zhongya. Given the totality of the considered factors, the record evidence demonstrates that Guangdong Zhongya is the same entity, operating in a significantly similar manner to New Zhongya. Consequently, the Department preliminarily determines that Guangdong Zhongya should be given the same antidumping duty treatment as New Zhongya, *i.e.*, the separate rate status previously afforded to New Zhongya and the accompanying 33.28 percent antidumping duty cash deposit rate.

If these preliminary results are adopted in our final results of this changed circumstances review, the Department will instruct U.S. Customs and Border Protection to suspend liquidation and collect a cash deposit rate of 33.28 percent on all shipments of the subject merchandise exported by Guangdong Zhongya and entered, or withdrawn from

¹⁰ See New Zhongya's response to the Questionnaire, "Extruded Aluminum from China," dated February 27, 2012, at Exhibit 5.

¹¹ See *id.*, at Exhibit 8.

warehouse, for consumption, on or after the publication date of the final results of this changed circumstances review.¹² This deposit rate shall remain in effect until further notice.

Public Comment

Any interested party may request a hearing within 10 days of publication of this notice in accordance with 19 CFR 351.310(c). Interested parties may submit case briefs no later than 14 days after the date of publication of this notice, in accordance with 19 CFR 351.309(c)(1)(ii). Rebuttal briefs, limited to issues raised in the case briefs, may be filed no later than five days after the case briefs, in accordance with 19 CFR 351.309(d)(1). Hearing requests should contain the following information: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs. If a request for a hearing is made, parties will be notified of the time and date for the hearing to be held at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.¹³ The Department intends to issue its final results of review within 270 days after the date on which the changed circumstances review was initiated, in accordance with 19 CFR 351.216(e), and will publish those final results in the *Federal Register*.

¹² See *Stainless Steel Plate in Coils From Belgium: Notice of Final Results of Antidumping Duty Changed Circumstances Review*, 77 FR 21963 (April 12, 2012) and accompanying Issues and Decision Memorandum; see also *Notice of Final Results of Antidumping Duty Changed Circumstances Review: Certain Frozen Warmwater Shrimp From Thailand*, 75 FR 74684 (December 1, 2010) and accompanying Issues and Decision Memorandum.

¹³ See 19 CFR 351.310(d).

This notice is published in accordance with sections 751(b)(1) and 777(i) of the Act and 19 CFR 351.216.

Paul Piquado
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for Import Administration

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Date

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